

Mr. A. D. Simpson, III
East Tennessee Natural Gas Company
P.O. Box 2511
Houston, Texas 77001

Dear Mr. Simpson:

As a result of your September 6, 1978, letter supplying additional information about the Kingsport Lateral System, we have reconsidered our Interpretation of August 2, 1978, that the portion of the Kingsport Lateral System used to deliver gas to the General Shale Corporation is not a "transmission line."

Of particular importance is your point that the present definition of "transmission line" in 49 CFR 192.3 was not preceded by a proposed definition of the term in the notices of proposed rulemaking upon which Part 192 is based. Since the term "transmission line" was used in those notices and the notices were, in general, based on the U.S.A.S. B31.8 Code (1968 ed.), we agree that the notices must have been drafted with the B31.8 definition of "transmission line" in mind. Under these circumstances, it would be improper to conclude as we did in the August 2, 1978, Interpretation that the adopted definition of "transmission line" in Part 192 was intended to alter the meaning intended by the B31.8 Code.

Since the term "transmission line" in Part 192 is intended to have the same meaning as that in the B31.8 Code, it follows that the term "distribution center," which marks the end of a "transmission line" in the adopted definition, must be interpreted to include a "large volume customer," a term which marked the end of a "transmission line" under the B31.8 Code.

To apply this interpretation, we must determine what B31.8 meant by "large volume customer." There is no question that as we previously stated, a "distribution center" occurs at a "point where gas enters piping used primarily to deliver gas to customers who purchase it for consumption." Basically, this includes points where title to gas is transferred from a transmission company to a distribution company. Since in the B31.8 Code, the terms "distribution center" and "large volume customer" were both used to define the end of a "transmission line," it is logical to conclude that except for the factor of resale, a "large volume customer" meant a customer with attributes similar to those of a distribution company. Foremost among these attributes are the receipt of similar volumes of gas and the operation of piping facilities common to a distribution company. Thus, a customer fitting this description would also represent a "distribution center" under Part 192.

To properly answer your original inquiry, we have looked at whether the General Shale Corporation qualifies as a "large volume customer" within the meaning of the B31.8 Code. Based on the information you have submitted, we find that General Shale (1) receives gas in a quantity

almost as large as that delivered to the neighboring distribution company, Volunteer Natural Gas Company; and (2) operates piping similar to that operated by a distribution company. Since these factors characterize a "large volume customer" within the meaning of "distribution center" under the adopted "transmission line" definition, the portion of the Kingsport Lateral System serving General Shale, or the General Shale lateral, is a "transmission line" under Part 192. Further, based on the information provided in your May 17, 1978, letter concerning class locations, it appears that at least 50 percent of the length of the General Shale lateral is in a Class 1 location, and therefore, the lateral is exempt from orodization under section 192.625(b)((3).

To ensure that our interpretation of "transmission line." particularly the "distribution center" aspect regarding "large volume customers" is applied uniformly, we intend to publish it in the Federal Register. At the same time, we will invite public comments on the Impact of this interpretation on the regulated industry and on public safety, and also on our judgment as to what constitutes a "large volume customers." If the comments warrant it, we may change our interpretation or propose to change the definition of "transmission line."

Sincerely,

Cesar DeLeon
Associate Director for
Pipeline Safety Regulation
Materials Transportation Bureau